



Wisconsin Farm Center Offers Transition Services

Release Date: September 13, 2011

Contact: Ashley Huibregtse, 608-224-5002

MADISON – Transitioning the farm from one generation to the next is very important, but the process can be challenging. The Department of Agriculture, Trade and Consumer Protection’s (DATCP) Wisconsin Farm Center reminds farmers that there are free resources and services available to assist.

“The Wisconsin Farm Center has staff on hand to walk you through the transition process and give overall financial planning assistance,” said Paul Dietmann, Director of DATCP’s Farm Center. “Our goal is to keep people in farming, support healthy family relationships, and continue Wisconsin’s leadership in agriculture.”

To begin the transition, Farm Center staff meet with the farm family to gather information about their current situation and discuss each generation’s goals for the future. The retiring generation needs to evaluate their assets to decide how they will sustain after they transition the farm. The new generation must decide how they plan to accomplish their future goals.

Following this discussion, the financial planning begins. The Farm Center works to see how to best transfer the land, equipment, or livestock. Each generation must go through business and viability planning.

“Each generation must remember that a transition is not a one day, one signature process,” explained Frank Friar, an Economic Development Consultant in the Farm Center. “Some transitions can take a year to complete.”

Transitions can be difficult between family members, friends, and business partners. There is a large emotional factor when transitioning a farm. DATCP’s Farm Center can assist by serving as mediators to help the two generations talk to each other and see different perspectives.

“There is a large advantage to have us sit in the meetings as a neutral third-party to help work through difficult issues,” added Friar. “The Farm Center’s role is to offer suggestions based on our past experiences, without having a vested interest.”

Transition planning should begin when it is clear the next generation is certain they wish to enter the operation, perhaps after completing higher education or working off-the-farm. The transition should begin with a transfer of management responsibility before signing over assets. This allows the younger generation to make mistakes and learn before officially owning the operation.

“Every farm transfer is different,” concluded Dietmann. “We have the ability to partner with UW-Extension, the Technical Colleges, and other organizations to work together to do what is best for both generations.”

The Farm Center does not offer legal advice. The Farm Center works to develop a plan so each generation is prepared when they meet with the attorney. The Farm Center assists with dozens of farm transitions each year.

A new incentive available to ease the transition is the Beginning Farmer and Farm Asset Owner Tax Credit. These refundable credits are available against state income taxes this year. The tax credit is based on a three-year written cash lease arrangement between a beginning and established farmer.

The farm asset owner tax credit equals 15% of the lease amount received by the established farmer from a beginning farmer in the claim year. The tax credit only applies to the lease of depreciable farm assets. The beginning farmer tax credit applies to the amount paid by the beginning farmer to enroll in a financial management program in the claim year. This credit is on a one-time basis, and the maximum credit allowed is \$500. To receive the credit, both a beginning farmer and an established farmer have to apply and be certified by DATCP.

For more information about transition services or the Beginning Farmer and Farm Asset Owner Tax Credit, contact DATCP’s Farm Center at 1-800-942-2474 or farmcenter@wisconsin.gov.